

# HOUSE BILL REPORT

## HB 3066

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**As Reported by House Committee On:**  
Judiciary

**Title:** An act relating to the limitations period for an account receivable.

**Brief Description:** Modifying the definition of an "account receivable" for purposes of commencing an action.

**Sponsors:** Representatives Lantz, Rodne and Campbell.

**Brief History:**

**Committee Activity:**

Judiciary: 1/30/06, 1/31/06 [DP].

**Brief Summary of Bill**

- Defines "account receivable" for the purposes of applying the six year statute of limitations for commencing certain actions.

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### HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass. Signed by 10 members: Representatives Lantz, Chair; Flannigan, Vice Chair; Williams, Vice Chair; Priest, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Campbell, Kirby, Serben, Springer and Wood.

**Staff:** Trudes Tango (786-7384).

**Background:**

A plaintiff must commence an action within the time period set by the statute of limitations for that particular type of action or the action is barred.

For an action to collect upon "an account receivable incurred in the ordinary course of business," the statute of limitations is six years.

Recently, the court of appeals defined the term "account receivable" in that statute to mean an account that is "left open for ongoing debit and credit entries by two parties that has a fluctuating balance until either party finds it convenient to settle or close." *Tingey v. Haisch*, 129 Wn. App. 109 (2005). The court emphasized the requirement for multiple transactions as a characteristic of an "account receivable." In the *Tingey* case, an attorney sought to collect his fee. The court found that, without a written fee agreement, the attorney's claim for his fee was not an account receivable subject to the six year statute of limitations. The court noted that the

fee was not like a revolving charge account to which charges were added and payments subtracted, the attorney did not retain the client for multiple transactions, and the transaction did not involve a fluctuating balance of debit and credit entries involving multiple transactions.

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**Summary of Bill:**

"Account receivable," as used in the statute of limitations, is defined as any obligation for payment incurred in the ordinary course of business or profession, whether arising from one or more transactions and whether or not earned by performance.

The definition applies to all causes of actions regarding accounts receivable, whether commenced before or after the effective date of the act.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This bill brings the statute in line with how collections agencies have been operating for many years. The bill will treat all accounts receivable, whether based on one transaction or multiple, as accounts receivable subject to the six year statute of limitations. That was the original intent of the law when it was changed in 1989.

**Testimony Against:** None.

**Persons Testifying:** Judy Warnick and Kevin Underwood, Washington Collectors Association.

**Persons Signed In To Testify But Not Testifying:** None.